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Thomas J. Perkowski, Esq., P.C. Soundview Plaza 1266 East Main Street Stamford, CT 06902			BARTLEY, KENNETH	
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SHORTENED STATUTORY PERIOD OF RESPONSE		MAIL DATE	DELIVERY MODE	
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Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

Office Action Summary	Application No.	Applicant(s)
	10/007,179	TYSON-QUAH, KATHLEEN
	Examiner	Art Unit
	Kenneth L. Bartley	3693

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 22 October 2001.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-64 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-64 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
 - a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date <u>02/28/2002</u> | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

1. Claims 1-64 have been examined.

Double Patenting

2. The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. A nonstatutory obviousness-type double patenting rejection is appropriate where the conflicting claims are not identical, but at least one examined application claim is not patentably distinct from the reference claim(s) because the examined application claim is either anticipated by, or would have been obvious over, the reference claim(s). See, e.g., *In re Berg*, 140 F.3d 1428, 46 USPQ2d 1226 (Fed. Cir. 1998); *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) or 1.321(d) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent either is shown to be commonly owned with this application, or claims an invention made as a result of activities undertaken within the scope of a joint research agreement.

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

3. Claims 1, 3-7, 9, 10, 14, 20-22, 25, 27, 28, 34-37 and 59 are provisionally rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over claims 108-113, 128, 129, 135-142, and 154 of copending Application No. 09/513,440. Although the conflicting claims are not identical, they are not patentably distinct from each other because it would have been obvious to one of ordinary skill in the art at the time of invention to provide method claims with system claims.

This is a provisional obviousness-type double patenting rejection because the conflicting claims have not in fact been patented.

Specification

4. The abstract of the disclosure is objected to because of undue length (the abstract should be 150 words or less). Correction is required. See MPEP § 608.01(b).

5. The disclosure is objected to because of the following informalities: the phrase "such as system" in para 72; the phrase "As shown in Fig. 9A2, is an example..." in para. 176; the word "bespoke" in para 178; the phrase "If the neither" in para. 182; a close parenthesis is missing at the end of para. 186; the phrase "will be generated a some..." in para 234.

Appropriate correction is required.

Claim Rejections - 35 USC § 112

1. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

2. Claim 1 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claim 1 is indefinite because there is no outcome from the risk filter routine specified in the claim.

Claim Rejections - 35 USC § 102

6. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

7. Claims 1-23, 25-57, and 62-64 are rejected under 35 U.S.C. 102(b) as being anticipated by U.S. Patent No. 5,717,989 to Tozzoli and Lynch.

Regarding applicant claim 1:

A computer-implemented method of reducing risk in a payment-based transaction wherein payment is made from an account holder to a Counterparty using a payment bank system operated by a payment bank, the method comprising the steps of:

Tozzoli and Lynch disclose:

A computer implemented system (col. 1, lines 5-6) of reducing risk for payment transactions (col. 6, lines 43-44), where payment is made with

**the use of a “trade system,” supervised by a funder (col. 5, lines 47-49),
who authorizes and makes payments.**

- a. receiving at least one user-supplied risk parameter associated with the Counterparty;

The funder is responsible for setting credit limits as part of the account parameters (col. 5, lines 61-62). This is accomplished using a central facility with communication interface to remote locations (col. 4, lines 63-67 and col. 5, lines 1-10).

- b. receiving a first instruction authorizing payment from the account holder to the Counterparty ;

Use of a purchase order that provides instructions to authorize payments from the funder to the buyer (col. 5, lines 36-42).

- c. storing the first instruction in a payment queue;

Purchase order data is stored on a computer, where “...subsequent action data about a subsequent action in fulfillment of the contract...” can take place (col. 3, lines 49-55). Storing lines of instructions from a purchase order would represent a payment queue. Storage is provided by the trade system (col. 4, line 67).

d. during processing of the payment transaction, performing a risk filter routine that determines whether to selectively reject payment authorized by the first instruction based upon the at least one user-supplied risk parameter associated with the Counterparty.

"The trade system... verifies that each portion of a transaction properly relates to the purchase order and criteria established by the funder and possibly by the trade system, in a process referred to herein as filtering, and generates payment instructions at appropriate times." (col. 5, lines 39-43). Filtering is considered a "risk evaluation function." (col. 6, lines 37-44) Also, the system maintains a balance for buyer and seller (col. 8, lines 13-19), which can be shown against a credit limit (col. 10, lines 42-55), where the payment can be accepted or rejected (col. 7, lines 54-58)

Regarding claim 2 and 23:

(Claim 2) The computer-implemented method of claim 1, further comprising the step of generating the at least one user-supplied risk parameter on a user system and communicating the at least one user-supplied risk parameter to the risk filter routine.

(Claim 23) The computer-implemented method of claim 22, wherein only the user system can forward the at least one user-supplied risk parameter communicated by the third party host application to the risk filter routine.

Tozzoli and Lynch disclose:

"...the trade system compare<s> a buyer's proposed purchase order with the buyer's pre-established account parameters or criteria stored in storage..." (col. 6, lines 37-43), where "criteria" is account parameter thresholds provided by the funder (col. 5, lines 57-60)

Regarding claims 3, 4, 6, 9, 16 and 27:

(Claim 3) The computer-implemented method of claim 1, wherein the risk filter routine includes the steps of: generating an available balance for the Counterparty based upon the at least one user-supplied risk parameter, payments made by the account holder, and payments received by the account holder; and reading the first instruction from the payment queue of the payment bank system; determining whether to selectively reject payment authorized by the first instruction based upon the available balance.

(Claim 4) The computer-implemented method of claim 3, wherein payment authorized by the first instruction is rejected in the event that the amount of payment authorized by the first instruction exceeds the available balance.

(Claim 6) The computer-implemented method of claim 3, wherein the available balance is computed over a given time period based upon payments made by the account holder in the given time period and payments received by the account holder in the given time period.

(Claim 9) The computer-implemented method of claim 6, further comprising the steps of: receiving updates to payments made by the account holder in the given time period;

and receiving updates to payments received by the account holder in the given time period; and updating the available balance to reflect such updates.

(Claim 16) The computer-implemented method of claim 1, wherein the at least one user-supplied risk parameter comprises a clean payment limit.

(Claim 27) The computer-implemented method of claim 1, wherein said risk filter routine cooperates with other payment processing operated by said payment bank to determine whether to selectively reject payment authorized by the first instruction.

Tozzoli and Lynch disclose:

A payment can be rejected if it exceeds a credit limit balance (col. 11, lines 59-67 and col. 12, lines 1-4). "...the trade system converts it to an actual or original purchase order, stores it as purchase order data in storage..., updates buyer and seller account data stored in storage....notifies the funder and is then ready to filter data representing subsequent actions against the original purchase order data." (col. 8, lines 12-18)

Presumably updating buyer and seller account data would involve creating an available balance from the credit limit (risk parameter) and reading the first (and subsequent) instructions from the purchase order.

The system is able to reject payments (col. 7, lines 64-67 and col. 8, lines 1-3).

Regarding claim 5:

The computer-implemented method of claim 3, wherein the first instruction is returned to the payment queue for later re-evaluation in the event that the amount of payment authorized by the first instruction exceeds the available balance.

Tozzoli and Lynch disclose:

"If the proposed purchase order does not meet the filtering criteria, the buyer may revise its terms..." (col. 7, lines 64-67 and col. 8, lines 1-3). Doing this effectively returns the instruction to the payment queue.

Regarding claim 7:

The computer-implemented method of claim 6, further comprising the steps of: receiving user-supplied updates to the at least one user-supplied risk parameter; and updating the available balance to reflect such user-supplied updates.

Tozzoli and Lynch disclose:

"As the purchase order is filled... the trade system adjusts account parameters to reflect the remaining outstanding portion of the purchase order." (col. 8, lines 30-36)

Regarding claims 8, 11, 12, 35, 39, 42, 44 and 47:

(Claim 8) The computer-implemented method of claim 7, further comprising the steps of: generating the user-supplied updates on a user system and communicating the user-supplied updates to the risk filter routine.

(Claim 11) The computer-implemented method of claim 6, further comprising the step of receiving user-supplied updates to the at least one user-supplied risk parameter for use in the risk filter routine.

(Claim 12) The computer-implemented method of claim 11, further comprising the steps of generating the user-supplied updates on a user system and communicating the user-supplied updates to the risk filter routine.

(Claim 35) The computer-implemented method of claim 34, wherein the user-supplied second instruction is generated on a user system and communicated to a central server, which stores the user-supplied second instruction in a data server and forwards the user-supplied second instruction to a module integrated into the payment bank system that executes the risk filter routine.

(Claim 39) The computer-implemented method of claim 38, wherein the third instruction is generated on a user system and communicated to a central server, which stores the third instruction in a data server and forwards third instruction to a module integrated into the payment bank system that executes the risk filter routine.

(Claim 42) The computer-implemented method of claim 39, wherein the third instruction is generated by the payment bank host application.

(Claim 44) The computer-implemented method of claim 43, wherein the third instruction is generated on a user system and communicated to a central server, which stores the third instruction in a data server and forwards the third instruction to a module integrated into the payment bank system that executes the risk filter routine.

(Claim 47) The computer-implemented method of claim 33, wherein the third instruction is generated by the payment bank host application.

Tozzoli and Lynch disclose:

A funder can “indicate various account parameter thresholds, also referred to herein as criteria, for the company to the trade system.” (col. 5, lines 57-60) While updates are not discussed, it seems reasonable that the system could accommodate changes. This would also allow for the funder to provide multiple instructions against which purchase order could be filtered. Also, “The geographic distribution of the equipment comprising the trade system is also not critical to the present invention.” (col. 5, lines 14-15) Therefore the payment bank could generate the instructions.

Regarding claim 10:

The computer-implemented method of claim 9, wherein updates to payments made by the account holder and updates to payments received by the account holder are received through data interchange with existing payments confirmation services.

Tozzoli and Lynch disclose:

System allows for fund transfers using conventional electronic transfer networks (col. 9, lines 34-43), which would presumably supply this information to the trade system.

Regarding claim 13:

The computer-implemented method of claim 1, wherein the risk routine is executed by a module integrated into the payment bank system.

Tozzoli and Lynch disclose:

The filtering process is stored in the data processing system (col. 4, lines 4-13), where the geographic distribution of the equipment comprising the trade system is not critical (col. 5, lines 14-16), therefore, it could be integrated with a payment bank system .

Regarding claim 14:

The computer-implemented method of claim 1, wherein the risk filter routine is executed by a module that communicates to the payment bank system via an application-to-application interface which translates data formats between the module and the payment bank system.

Tozzoli and Lynch disclose:

“...the system transmits data notifying the seller’s bank... to request payment from the funder.” (col. 9, lines 36-40) This indicates the system and the bank are able to exchange data with each other.

Regarding claims 15, 17, 18, 25 and 26:

(Claim 15) The computer-implemented method of claim 13, wherein the at least one user-supplied risk parameter is generated on a user system and communicated to a central server, which stores the at least one user-supplied risk parameter in a data

server and forwards the at least one user-supplied risk parameter to the module integrated into the payment bank system that executes the risk filter routine.

(Claim 17) The computer-implemented method of claim 1, wherein the at least one user-supplied risk parameter is associated with each payment-based transaction wherein payment is made from the account holder to the Counterparty.

(Claim 18) The computer-implemented method of claim 17, wherein the at least one user-supplied risk parameter is selected from the group consisting of:

- (i) currency associated with each payment-based transaction,
- (ii) payment type associated with each payment-based transaction, and
- (iii) a Clean Payment Limit associated with each payment-based transaction.

(Claim 25) The computer-implemented method of claim 1, wherein the Counterparty comprises a beneficiary of the payment-based transaction.

(Claim 26) The computer-implemented method of claim 25, wherein the Counterparty further comprises an intermediary to the beneficiary of the payment-based transaction.

Tozzoli and Lynch disclose:

"A system stores criteria specified by a funder relating to trade transactions for buyers and sellers (Abstract)." Also, "The system compares the criteria with a proposed purchase order to determine whether the system can generate a payment guarantee on behalf of the funder for the buyer to the seller." "When the appropriate conditions for payment are met, the system issues a funds transfer instruction to transfer

payment from the buyer to the seller.” Criteria can include credit limits (col. 5, lines 61-62). Intermediary bank is disclosed in Fig. 1.

Regarding claim 19:

The computer-implemented method of claim 17, wherein the at least one user-supplied risk parameter is associated with a first identifier that identifies the account holder and a second identifier that identifies the Counterparty on the payment transaction.

Tozzoli and Lynch disclose:

Risk parameters are associated with the buyer, the account holder, and seller for a payment transaction (col. 10, lines 42-55)

Regarding claim 20:

The computer-implemented method of claim 1, wherein the account holder comprises a user with a pre-existing account relationship with the payment bank.

Tozzoli and Lynch do not discuss the need to create new accounts or relationships to use their system, therefore, it is reasonable to assume pre-existing account relationships with payment banks are acceptable.

Regarding claims 21 and 22:

(Claim 21) The computer-implemented method of claim 20, wherein the account holder further comprises a third party, and wherein the user is acting on behalf of the third party.

(Claim 22) The computer-implemented method of claim 21, wherein said third party executes a third party host application that generates the at least one user-supplied risk parameter and communicates the at least one user-supplied risk parameter and associated information to a user system, which forwards the at least one user-supplied information to the risk filter routine.

Tozzoli and Lynch disclose:

“Generally, funder guarantees payment for transactions processed by the trade system between an approved buyer and a seller which satisfy the funder’s predetermined criteria.” (col. 5, lines 35-38) “To obtain access to the system, companies wishing to act as buyers and sellers go through an application process supervised by the funder.” (col. 5, lines 46-50)

Creation of a risk parameter(s) requires the third party to fill out an application.

Regarding claim 28:

The computer-implemented method of claim 1, wherein the risk filter routine cooperates with a domestic payment system operated by said payment bank, such that the first instruction is filtered by said risk filter routine for compliance with a risk profile generated from the at least one user-supplied risk parameter.

Tozzoli and Lynch disclose:

“The trade system receives inputs from and supplies outputs to buyers, sellers, funders and various parties involved in a trade transaction,

such as... banks and the like..." (col. 4, lines 51-55). Therefore, the funder, which specifies trade transactions for a buyer and seller (Abstract), and provides risk parameters, could interface with domestic banks.

Regarding claim 29:

The computer-implemented method of claim 1, further comprising the step of: for each given first instruction, when processing by the risk filter routine rejects payment authorized by the given first instruction, adding the given first instruction to a cache of first instructions.

Tozzoli and Lynch disclose:

"The system retains and stores copies of all electronic documents which it processes... and/or performs filtering." (col. 16, lines 49-51) Also, "The trade system of the present invention keeps track of outstanding purchase orders, and adjusts the account parameters corresponding to the criteria established by the funder... based on relevant outstanding purchase orders..." (col. 10, lines 1-6) Therefore, rejected first instructions could be tracked.

Regarding claim 30 and 50:

(Claim 30) The computer-implemented method of claim 1, further comprising the step of communicating notification of rejection or success of at least one payment authorized by the first instructions stored in a cache.

(Claim 50) The computer-implemented method of claim 1, wherein users and the payment bank can also generate and receive payments-related notifications, inquiries, messages and reports.

Buyer can receive electronic notices if payment guarantee cannot be authorized by the system, such as if purchase exceeds a credit limit balance (col. 12, lines 32-38).

Regarding claim 31:

The computer-implemented method of claim 30, wherein said notification is communicated via messaging services operably coupling the user system, a central system, and the payment bank system.

Tozzoli and Lynch disclose:

“The users of the trade system communicate with the system using their own or third party conventional telecommunications equipment.” (col. 4, lines 58-62 and Fig. 4) Messaging services are disclosed, for example, “...system receives an advisory message...” (col. 15, lines 1-3).

Regarding applicant claim 32:

(Claim 32) The computer-implemented method of claim 31, wherein a third party application is operably coupled to the payment bank system, and wherein said notification is forwarded to said third party application by said payment bank system.

Tozzoli and Lynch disclose:

"To obtain access to the system, companies... go through an application process supervised by a funder." (col. 5, lines 46-48) To accomplish would require they are operably coupled to the funder.

Regarding claim 33:

The computer-implemented method of claim 30, wherein said notification is generated in the event that the Counterparty fails to make expected payments for a pre-determined period of elapsed time.

Tozzoli and Lynch disclose:

"...the trade system automatically generates scheduling reminder data."
(col. 17, lines 36-37)

Regarding claim 34:

The computer-implemented method of claim 1, further comprising the steps of: receiving a user-supplied second instruction that identifies an account holder and Counterparty; and in response to receipt of the user-supplied second instruction, suspending all payments from the account holder to the Counterparty as identified by the second instruction.

Tozzoli and Lynch disclose:

"If the proposed purchase order does not meet the filtering criteria, the buyer may revise its terms... (col. 7, lines 64-65). This would allow for suspension of payments if necessary.

Regarding claim 36, 40 and 45:

(Claim 36) The computer-implemented method of claim 35, wherein a third party executes a third party host application that generates the user-supplied second instruction and communicates the user-supplied second instruction to a user system, which forwards the user-supplied second instruction to the module integrated into the payment bank system via the central server.

(Claim 40) The computer-implemented method of claim 39, wherein a third party executes a third party host application that generates the third instruction and communicates the third instruction to a user system, which forwards the third instruction to the module integrated into the payment bank system via the central server.

(Claim 45) The computer-implemented method of claim 44, wherein a third party executes a third party host application that generates the third instruction and communicates the third instruction to a user system, which forwards the third instruction to the module integrated into the payment bank system via the central server.

Tozzoli and Lynch disclose:

A company (third party) may have software and computer for access to the trade system (col. 6, lines 8-19), and “The buyer can then revise the terms of the proposed purchase order... in the form of data entry to the system as a proposed purchase order for filtering by the system.” (col. 12, lines 40-13 and Fig. 2A) Presumably this could be done for multiple instructions. Also, “The geographic distribution of the equipment

comprising the trade system is also not critical to the present invention."

(col. 5, lines 14-15) Therefore the payment bank could have a module integrated into their system.

Regarding claim 37, 41, 46:

(Claim 37) The computer-implemented method of claim 34, further comprising the step of: communicating notification confirming receipt and implementation of the user-supplied second instruction to the payment bank, core server, user and third party, if any.

(Claim 41) The computer-implemented method of claim 39, further comprising the step of: returning notification confirming receipt and implementation of the third instruction to the payment bank, central server, user and third party, if any.

(Claim 46) The computer-implemented method of claim 34, further comprising the step of: returning notification confirming receipt and implementation of the user-supplied third instruction to the payment bank, core server, user and third party, if any.

"...the funder indicates various account parameters thresholds, also referred to herein as criteria, for the company to the trade system." (col. 5, lines 57-60) **The system provides a report showing payment instructions (col. 10, lines 42-55) against the credit limit monitored by a funder ("When the proposed purchase order meets the filtering criteria, the trade system forwards the purchase order in the form of data to the seller with an indication of the funder's payment guarantee." (col. 7, lines 54-58)).**

Regarding claims 38, 43, and 64:

(Claim 38) The computer-implemented method of claim 1, further comprising the steps of: receiving a third instruction that identifies a particular first instruction; and in response to receipt of the third instruction, disabling processing of the risk filter routine for the particular first instruction.

(Claim 43) The computer-implemented method of claim 1, further comprising the steps of: receiving a third instruction that identifies a particular Counterparty; and in response to receipt of the third instruction, disabling processing of the risk filter routine with respect to any first instruction authorizing payment from the account holder to the Counterparty.

(Claim 64) The computer-implemented method of any of claim 34, further comprising the steps of: receiving a user-supplied third instruction that identifies an account holder and Counterparty; and in response to receipt of the user-supplied third instruction, reinstating payments from the account holder to the Counterparty as identified by the third instruction by countermanding a previously communicated second instruction.

“...parties may elect to proceed with the transaction using other non-system avenues for payment guarantees...” (col. 7, line 67 and col. 8, lines 1-3). This would effectively disable the filter routine. Presumably this could be done on a third instruction, assuming the purchase order does not meet the initial filter and the buyer passes it on to the seller (a payment (first) instruction fails to meet criteria, trade system generates an error (non-

payment) instruction, and buyer modifies (first) instruction (which creates third instruction) and sends it to seller).

Regarding claim 48:

The computer-implemented method of claim 1, further comprising the step of: using digital certification to establish access authority and usage constraints of the risk filter routine.

Tozzoli and Lynch disclose:

"The trade system administrator...may establish additional criteria (e.g. certain documentary certification required for trade in services)." (col. 6, lines 8-12)

Regarding claim 49:

The computer-implemented method of claim 1, wherein data transmissions are encrypted for security purposes.

Tozzoli and Lynch disclose:

Passwords and other types of security may be used with the system which can be used "...to authenticate and/or encode its electronic document submissions to the systems..." (col. 5, lines 21-34).

Regarding claim 51:

The computer-implemented method of claim 1, wherein users can request and receive multi-currency reports from a plurality of Payment Banks acting on their behalf.

Tozzoli and Lynch disclose:

Template data may include currency conversion rates. (col. 11, lines 26-31) While it is not disclosed where this information comes from, it seems reasonable to assume Payment Banks in foreign country would provide the information.

Regarding claim 52:

The computer-implemented method of claim 1, wherein human-accessibility is provided by browser interfaces and data-accessibility is provided by electronic data interchange formats.

Tozzoli and Lynch disclose:

“The remote locations may be a third party network..., a front end... such as a personal computer with trade system software...” (col. 5, lines 6-10).

Regarding claim 53:

The computer-implemented method of claim 1, wherein said account holder and Counterparty comprise multiple entities that are deemed to share correlation in payment risk assessment, wherein the multiple entities are identified by an aggregate identifier.

Tozzoli and Lynch disclose:

Buyer can obtain an account summary report, which would aggregate multiple entities with a correlation in payment risk assessment (col. 10, lines 42-55).

Regarding claim 54:

The computer-implemented method of claim 1, further comprising the steps of: recording various type of information, including identification of Users, identification of Third Parties, identification of Payment Banks, identification of Counterparties, identification of Currencies, specification of the Clean Payment Limit, and Payment Type identification.

Tozzoli and Lynch disclose:

Various information can be inserted into a template, such as third party ID, payment limits and type of payments. (col. 11, lines 23-31)

Regarding claim 55:

The computer-implemented method of claim 1, wherein selective rejection of payment authorized by the first instruction reduces payment risk arising from default by the Counterparty and any liquidity risk and system risk arising therefrom in like amount.

Tozzoli and Lynch disclose:

An order “will be rejected by the trade system due to inadequate available credit for the buyer.” (col. 12, lines 25-31) This reduces risk of default.

Regarding claim 56:

The computer-implemented method of claim 49, wherein the data transmissions occur over a virtual private network that uses the Internet and other internet protocol telecommunications networks.

Tozzoli and Lynch disclose:

“The central facility communicates with remote locations through telecommunications links...” (col. 5, lines 2-10) “The remote locations may be a third party network...” Third party networks can be virtual private networks and the Internet uses telecommunication links.

Regarding claim 57:

The computer-implemented method of claim 1, wherein the risk filter routine controls the flow of payment messages from the payment queue to a domestic payment system for clearance.

Tozzoli and Lynch disclose:

The risk filter would control through the purchase order (via dates as one example) the order of payments to be made (col 10, lines 42-55).

Regarding claim 62:

The computer-implemented method of claim 1, wherein the risk filter routine operates, in the event that there are multiple Counterparties of an account holder for a given first instruction, to iteratively evaluate the given first instruction for compliance with at least one user-supplied risk parameter as applicable to each Counterparty.

Tozzoli and Lynch disclose:

The system is capable of using a risk factor, such as credit limit, against multiple parties in an iterative manner (col. 10, lines 42-55)

Regarding claim 63:

The computer-implemented method of claim 1, wherein the Counterparty comprises one of payment beneficiary and intermediary.

Tozzoli and Lynch disclose:

The seller can instruct the system to accept the best buyer's offer (col. 6, lines 63.-67 and col. 7, lines 1-213), therefore, the system and seller are acting as one.

Claim Rejections - 35 USC § 103

8. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

9. The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

10. Claims 24 and 58-61 are rejected under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent No. 5,717989 to Tozzoli and Lynch in view of U.S. Patent No. 6,076,074 to Cotton, et al..

Regarding claims 24 and 58-61:

(claim 24) The computer-implemented method of claim 19, wherein the first and second identifiers are Bank Identifier Codes or an aggregation of such codes.

(claim 58) The computer-implemented method of claim 1, wherein the first instruction comprises a S.W.I.F.T. payment transaction.

(claim 59) The computer-implemented method of claim 10, wherein updates to the payments made by the Counterparty and updates to payments received by the Counterparty comprise S.W.I.F.T. messages.

(claim 60) The computer-implemented method of claim 1, wherein the risk filter routine interoperates with a plurality of payment channels for any given currency.

(claim 61) The computer-implemented method of claim 60, wherein said plurality of payment channels includes net payment systems, real-time gross payment systems and intra-bank book transfers.

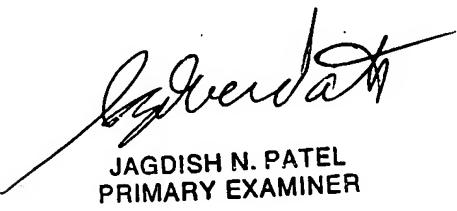
Although Tozzoli and Lynch disclose an international trade system that uses filters to mitigate risk, and they disclose issuing and paying banks, they do not provide details regarding bank activity.

Cotton, et al., in the same filed of endeavor of mitigating international trade risk teaches “Often a bank will send a payment order over the network operated by the Society for Worldwide Interbank Financial Telecommunications (“S.W.I.F.T.”), with the payment of the sender’s obligation effected through adjustment of correspondent balances or other means.” (col. 5, lines 35-40) They also disclose net and real-time gross settlement systems (col. 7, lines 36-39) and use of codes established by the Federal Reserve Bank (col. 3, lines 16-19). Therefore, it would have been obvious to one of ordinary skill in the art at the time of invention to provide banking details such as S.W.I.F.T., interbank settlement systems, and bank codes motivated by the fact that Cotton, et al., is also drawn to a method of reducing foreign payment risk and the trade system could be added separately to their system to augment risk reduction.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Kenneth L. Bartley whose telephone number is (571) 272-5230. The examiner can normally be reached on Monday through Friday, 8:00 - 5:00 EST.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Jagdish Patel can be reached on (571) 272-6748. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.



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